

Company Registration No 3196818 (England and Wales)

IMRIE STEWART PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006



Saffery Champness
CHARTERED ACCOUNTANTS

IMRIE STEWART PLC

DIRECTORS AND ADVISERS

Directors	R Stewart J Stolliday P Morgan
Secretary	J Stolliday
Company number	3196818
Registered office	Prince Consort House Albert Embankment London SE1 7TJ
Registered auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Bankers	National Westminster Bank plc Building 1 Centrium Griffiths Way St Albans Herts AL1 2RD
Solicitors	Memery Crystal LLP 44 Southampton Buildings London WC2 1AP

IMRIE STEWART PLC

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IMRIE STEWART PLC

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006

Directors

The following directors have held office since 1 January 2006

R Stewart

J Sheehy

J Stolliday

P Morgan

(Resigned 31 March 2006)

Principal activities and review of the business

The principal activity of the group during the year continued to be that of building services

Review of the business

Our review of the group's core business continues and accordingly we have ceased all activities in the media communications company

Major contracting activities continue through our existing contracts. However it is not the company's intention to actively seek new major contract works during 2007

The maintenance company continues to achieve growth with a very encouraging year on year (2005-2006) increase in turnover of 41%. Profit before tax for the same period have increased by 26%

Risks and uncertainties

The directors do not perceive any major risks and uncertainties other than normal commercial risks and uncertainties with the building industry

Future plans

Within the Maintenance company the northern operation is to be further enhanced with the appointment of a dedicated marketing manager from January 2007 to achieve increased market penetration

Environmental and social

The group companies - in particular the maintenance company - have an ongoing review of all carbon usage. The nature of the business is such that our annual vehicle fuel usage is high

To reduce our overall usage, we are currently in discussions with vehicle suppliers to begin the changeover to hybrid vehicles. We are also reviewing location of contracts with a view to reduce total annual mileage covered

To facilitate the above policy changes within the group and to assist our existing and future clients with energy usage and climate change questions, we have appointed a dedicated manager to handle all matters in this area

Results and dividends

The consolidated profit and loss account for the year is set out on page 6

IMRIE STEWART PLC

DIRECTORS REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

Charitable donations	2006 £	2005 £
During the year the group made the following payments		
Charitable donations	<u>2,875</u>	<u>150</u>

Creditor payment policy

The group's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the group's contractual and other legal obligations

On average, trade creditors at the year end represented 41 (2005 45) days' purchases

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

IMRIE STEWART PLC

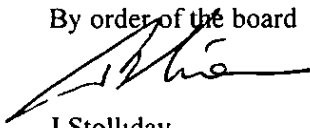
**DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006**

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information

By order of the board



J Stolliday

Director

31 July 2007

IMRIE STEWART PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMRIE STEWART PLC

We have audited the financial statements on pages 5 to 21. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

IMRIE STEWART PLC

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF IMRIE STEWART PLC**

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 31 December 2006 and of the group's loss for the year then ended, and

have been properly prepared in accordance with the Companies Act 1985, and

the information given in the directors' report is consistent with the financial statements


Saffery Champness

Chartered Accountants
Registered Auditor

31 July 2007

Lion House
Red Lion Street
London
WC1R 4GB

IMRIE STEWART PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Turnover	2		
Continuing operations		7,796,597	5,540,522
Discontinued activities		<u>(83,636)</u>	<u>2,273,548</u>
		7,712,961	7,814,070
Cost of sales		<u>(6,146,764)</u>	<u>(6,365,987)</u>
Gross profit		1,566,197	1,448,083
Administrative expenses		<u>(1,888,849)</u>	<u>(1,691,506)</u>
Operating profit/(loss)	4		
Continuing operations		191,645	169,062
Discontinued activities		<u>(514,297)</u>	<u>(412,485)</u>
		(322,652)	(243,423)
Other interest receivable and similar income		10,979	9,427
Interest payable and similar charges	5	<u>(1,960)</u>	<u>(4,880)</u>
Loss on ordinary activities before taxation		(313,633)	(238,876)
Tax on loss on ordinary activities	6	<u>3,828</u>	<u>119</u>
Loss on ordinary activities after taxation		<u><u>(309,805)</u></u>	<u><u>(238,757)</u></u>

There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 9 to 22 form part of these financial statements

IMRIE STEWART PLC

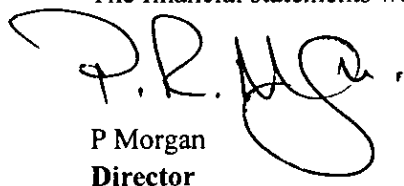
BALANCE SHEETS

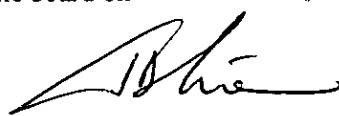
AS AT 31 DECEMBER 2006

		Group		Company	
		2006	2005	2006	2005
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8	55,292	80,264	41,774	69,131
Investments	9	-	-	1,000	1,000
		<u>55,292</u>	<u>80,264</u>	<u>42,774</u>	<u>70,131</u>
Current assets					
Debtors	10	2,598,105	2,820,146	1,493,085	736,745
Cash at bank and in hand		322,694	244,204	1,584	1,665
		<u>2,920,799</u>	<u>3,064,350</u>	<u>1,494,669</u>	<u>738,410</u>
Creditors: amounts falling due within one year	11	(2,321,383)	(2,780,101)	(987,184)	(842,771)
Net current assets		<u>599,416</u>	<u>284,249</u>	<u>507,485</u>	<u>(104,361)</u>
Total assets less current liabilities		<u>654,708</u>	<u>364,513</u>	<u>550,259</u>	<u>(34,230)</u>
Creditors: amounts falling due after more than one year	12	1,137,726	537,726	1,137,726	537,726
Capital and reserves					
Called up share capital	14	260,000	260,000	260,000	260,000
Profit and loss account	15	(743,018)	(433,213)	(847,467)	(831,956)
		<u>654,708</u>	<u>364,513</u>	<u>550,259</u>	<u>(34,230)</u>

The notes on pages 9 to 22 form part of these financial statements

The financial statements were approved by the board on 31.7.07


P Morgan
Director


J Stolliday
Director

IMRIE STEWART PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

		2006	2005
	Notes	£	£
Net cash (outflow)/inflow from operating activities	22	(386,994)	200,641
Returns on investments and servicing of finance			
Interest received	10,979	9,427	
Interest paid	(1,960)	(4,880)	
Net cash inflow for returns on investments and servicing of finance		9,019	4,547
Taxation		3,828	119
Capital expenditure			
Payments to acquire tangible assets	(9,664)	(36,312)	
Receipts from sales of tangible assets	-	1,701	
Net cash outflow for capital expenditure		(9,664)	(34,611)
Net cash (outflow)/inflow before management of liquid resources and financing		(383,811)	170,696
Financing			
Other new long term loans	600,000	-	
Net cash inflow/(outflow) from financing		600,000	-
Increase in cash in the year	23, 24	216,189	170,696

IMRIE STEWART PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Improvements to leasehold land & buildings	over 10 years
Fixtures, fittings & equipment	over 3 to 5 years
Motor vehicles	over 4 years

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.8 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.9 Pensions

The company operates a defined contribution scheme for certain employees whereby the company pays contributions to the employees' own personal pension plans. The charge against profits equals the amount of contributions payable in respect of the accounting period.

IMRIE STEWART PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies (continued)

1.10 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

IMRIE STEWART PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006****2 Segmental analysis by class of business**

The group's turnover arose entirely in the United Kingdom

The analysis by class of business of the company's turnover, loss before taxation and net assets is set out as below

Turnover

	2006			2005		
	External sales	Inter-segment sales	Total	External sales	Inter-segment sales	Total
	£	£	£	£	£	£
Class of business						
Building services & maintenance	7,720,930	-	7,720,930	7,737,648	-	7,737,648
Communication equipment	(7,969)	-	(7,969)	76,422	-	76,422
Management services	-	324,448	324,448	-	531,434	531,434
	<u>7,712,961</u>	<u>324,448</u>	<u>8,037,409</u>	<u>7,814,070</u>	<u>531,434</u>	<u>8,345,504</u>

Loss before taxation

	2006	2005
	£	£
Class of business		
Building services & maintenance	(296,948)	(201,812)
Communication equipment	(16,685)	(37,064)
	<u>(313,633)</u>	<u>(238,876)</u>

Net assets

	2006	2005
	£	£
Class of business		
Building services & maintenance	1,266,281	785,497
Communication equipment	-	9,646
Management services	(1,749,299)	(968,356)
	<u>(483,018)</u>	<u>(173,213)</u>

IMRIE STEWART PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

3 Cost of sales and net operating expenses

	2006			2005		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	6,220,258	(73,494)	6,146,764	4,229,895	2,136,092	6,365,987
Administrative expenses	1,384,694	504,155	1,888,849	1,141,565	549,941	1,691,506
	<u>7,604,952</u>	<u>430,661</u>	<u>8,035,613</u>	<u>5,371,460</u>	<u>2,686,033</u>	<u>8,057,493</u>

4 Operating loss

	2006	2005
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets	34,231	24,249
Loss on disposal of tangible assets	405	507
Operating lease rentals	233,360	229,827
Auditors' remuneration (company £3,000, 2005 £3,000)	13,900	16,900
Remuneration of auditors for non-audit work	3,350	6,600
and after crediting		
Profit on disposal of tangible assets	-	(1,700)

5 Interest payable

	2006	2005
	£	£
On bank loans and overdrafts	<u>1,960</u>	<u>4,880</u>

IMRIE STEWART PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006**

6 Taxation	2006 £	2005 £
Domestic current year tax		
Adjustment for prior years	(3,828)	(119)
Current tax charge	<u>(3,828)</u>	<u>(119)</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	<u>(313,633)</u>	<u>(238,876)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 30.00%)	<u>(94,090)</u>	<u>(71,663)</u>
Effects of		
Non deductible expenses	16,594	16,170
Depreciation add back	3,401	7,275
Capital allowances	(7,437)	(9,236)
Tax losses	81,532	57,694
Adjustments to previous periods	(3,828)	(119)
Chargeable disposals	-	(240)
	<u>90,262</u>	<u>71,544</u>
Current tax charge	<u>(3,828)</u>	<u>(119)</u>

The company has estimated losses of £18,000 (2005 £8,000) available for carry forward against future trading profits

7 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. Its loss for the financial year is

	2006 £	2005 £
Holding company's loss for the financial year	<u>(15,511)</u>	<u>(464,078)</u>

IMRIE STEWART PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006****8 Tangible fixed assets
Group**

	Improvements to leasehold land & buildings £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2006	67,672	514,733	582,405
Additions	-	9,664	9,664
Disposals	-	(12,839)	(12,839)
At 31 December 2006	<u>67,672</u>	<u>511,558</u>	<u>579,230</u>
Depreciation			
At 1 January 2006	36,852	465,289	502,141
On disposals	-	(12,434)	(12,434)
Charge for the year	6,808	27,423	34,231
At 31 December 2006	<u>43,660</u>	<u>480,278</u>	<u>523,938</u>
Net book value			
At 31 December 2006	<u>24,012</u>	<u>31,280</u>	<u>55,292</u>
At 31 December 2005	<u>30,820</u>	<u>49,444</u>	<u>80,264</u>

IMRIE STEWART PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006****8 Tangible fixed assets (continued)**
Company

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2006	67,672	488,924	556,596
Additions	-	2,364	2,364
	<hr/>	<hr/>	<hr/>
At 31 December 2006	67,672	491,288	558,960
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2006	36,852	450,613	487,465
Charge for the year	6,808	22,913	29,721
	<hr/>	<hr/>	<hr/>
At 31 December 2006	43,660	473,526	517,186
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2006	24,012	17,762	41,774
	<hr/>	<hr/>	<hr/>
At 31 December 2005	30,820	38,311	69,131
	<hr/>	<hr/>	<hr/>

IMRIE STEWART PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

9 Fixed asset investments Company

	Shares in group undertakings
	£
Cost	
At 1 January 2006	577,750
Disposals	(5,000)
	<hr/>
At 31 December 2006	572,750
	<hr/>
Provisions for diminution in value	
At 1 January 2006	576,750
On disposals	(5,000)
	<hr/>
At 31 December 2006	571,750
	<hr/>
Net book value	
At 31 December 2006	1,000
	<hr/>
At 31 December 2005	1,000
	<hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Maxwell Stewart Plc	England & Wales	Ord & Pref	100
Maxwell Stewart Maintenance Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Capital and reserves 2006 £	Profit/(loss) for the year 2006 £
Maxwell Stewart Plc	(£524,971)	(£580,886)
Maxwell Stewart Maintenance Limited	£618,718	£284,003
	<hr/>	<hr/>

The disposal shown above arises from the decision to liquidate One Media Communication Limited, for which purpose a liquidator was appointed on 20 June 2006

IMRIE STEWART PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006****10 Debtors**

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	1,667,296	2,033,383	-	4,192
Amounts recoverable on long term contracts	714,583	611,862	-	-
Amounts owed by group undertakings	13,218	13,218	13,218	13,218
Amounts owed by subsidiaries	-	-	1,468,268	692,293
Other debtors	16,890	36,466	11,599	27,042
Prepayments and accrued income	186,118	125,217	-	-
	<u>2,598,105</u>	<u>2,820,146</u>	<u>1,493,085</u>	<u>736,745</u>

11 Creditors: amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	-	137,699	-	-
Trade creditors	695,145	767,680	30,644	1,235
Amounts owed to group undertakings	614,252	503,323	646,635	535,699
Amounts owed to subsidiaries	-	-	275,052	264,517
Taxes and social security costs	250,827	397,090	11,481	10,951
Other creditors	23,372	30,369	23,372	30,369
Accruals and deferred income	737,787	943,940	-	-
	<u>2,321,383</u>	<u>2,780,101</u>	<u>987,184</u>	<u>842,771</u>

Bank loans and overdrafts are secured by fixed and floating charge over the assets of Imrie Stewart plc and its subsidiary Maxwell Stewart Maintenance Limited

IMRIE STEWART PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006****12 Creditors : amounts falling due after more than one year**

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Amounts owed to group undertakings	<u>1,137,726</u>	<u>537,726</u>	<u>1,137,726</u>	<u>537,726</u>

Analysis of loans

Not wholly repayable within five years by instalments

Amounts owed to group undertakings	<u>1,137,726</u>	<u>537,726</u>	<u>1,137,726</u>	<u>537,726</u>
	<u>1,137,726</u>	<u>537,726</u>	<u>1,137,726</u>	<u>537,726</u>

13 Pension costs**Defined contribution**

	2006	2005
	£	£
Contributions payable by the group for the year	<u>192,130</u>	<u>63,948</u>

IMRIE STEWART PLC

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006**

14 Share capital	2006	2005
	£	£
Authorised		
50,000 Ordinary shares (non-voting) of £1 each	50,000	50,000
10,000 Preferred ordinary shares (voting) of £1 each	10,000	10,000
200,000 Redeemable preference shares of £1 each	200,000	200,000
	<u>260,000</u>	<u>260,000</u>
 Allotted, called up and fully paid		
50,000 Ordinary shares (non-voting) of £1 each	50,000	50,000
10,000 Preferred ordinary shares (voting) of £1 each	10,000	10,000
200,000 Redeemable preference shares of £1 each	200,000	200,000
	<u>260,000</u>	<u>260,000</u>

The redeemable preference shares, which have no rights to dividends and no voting rights, are redeemable at par at the company's option. On a winding up or other capital reduction and after payment of liabilities, holders of preferred ordinary shares will be paid at par in priority to redeemable preference shares who will be paid in priority to holders of ordinary shares. They are classified as non equity.

**15 Statement of movements on profit and loss account
Group**

	Profit and loss account £
Balance at 1 January 2006	(433,213)
Retained loss for the year	<u>(309,805)</u>
Balance at 31 December 2006	<u>(743,018)</u>

Company

	Profit and loss account £
Balance at 1 January 2006	(831,956)
Retained loss for the year	<u>(15,511)</u>
Balance at 31 December 2006	<u>(847,467)</u>

IMRIE STEWART PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

16 Reconciliation of movements in shareholders' funds	2006	2005
Group	£	£
Loss for the financial year	(309,805)	(238,757)
Opening shareholders' funds	(173,213)	65,544
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>(483,018)</u>	<u>(173,213)</u>
	2006	2005
Company	£	£
Loss for the financial year	(15,511)	(464,078)
Opening shareholders' funds	(571,956)	(107,878)
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>(587,467)</u>	<u>(571,956)</u>

17 Contingent liabilities

Group

A group company has provided performance bonds at the year end in aggregate amount of £nil (2005 £343,027) in respect of contracts in the course of completion

18 Financial commitments

At 31 December 2006 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date				
Within one year	-	-	36,484	66,149
Between two and five years	9,375	5,875	156,102	135,007
	<u>9,375</u>	<u>5,875</u>	<u>192,586</u>	<u>201,156</u>

IMRIE STEWART PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006**

19 Directors' emoluments	2006	2005
	£	£
Emoluments for qualifying services	561,176	381,406
Company pension contributions to money purchase schemes	171,550	22,067
	<u>732,726</u>	<u>403,473</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2005- 4)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	261,182	84,532
Company pension contributions to money purchase schemes	<u>150,000</u>	<u>1,042</u>

20 Employees**Number of employees**

The average monthly number of employees (including directors) during the year was

	2006	2005
	Number	Number
Administration and building services (group)	<u>71</u>	<u>68</u>

Employment costs

	2006	2005
	£	£
Wages and salaries	2,592,570	2,278,590
Social security costs	279,995	231,345
Other pension costs	192,130	63,948
	<u>3,064,695</u>	<u>2,573,883</u>

21 Control

The ultimate parent company is Transatlantic Holding Management Inc , a company incorporated in the British Virgin Islands

IMRIE STEWART PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

22 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities	2006	2005
	£	£
Operating loss	(322,652)	(243,423)
Depreciation of tangible assets	34,231	24,249
(Loss)/profit on disposal of tangible assets	405	(1,193)
Decrease in stocks	-	74,845
Decrease in debtors	222,041	656,814
Decrease in creditors within one year	(321,019)	(310,651)
Net cash (outflow)/inflow from operating activities	(386,994)	200,641

23 Analysis of net debt	1 January 2006	Cash flow	Other non-cash changes	31 December 2006
	£	£	£	£
Net cash				
Cash at bank and in hand	244,204	78,490	-	322,694
Bank overdrafts	(137,699)	137,699	-	-
	<u>106,505</u>	<u>216,189</u>	<u>-</u>	<u>322,694</u>
Debts falling due after one year	(537,726)	(600,000)	-	(1,137,726)
Net debt	<u>(431,221)</u>	<u>(383,811)</u>	<u>-</u>	<u>(815,032)</u>

24 Reconciliation of net cash flow to movement in net debt	2006	2005
	£	£
Increase in cash in the year	216,189	170,696
Cash inflow from increase in debt	(600,000)	-
Movement in net debt in the year	(383,811)	170,696
Opening net debt	(431,221)	(601,917)
Closing net debt	(815,032)	(431,221)